

MASTER FILE

PART 1

THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

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The American Recovery and Reinvestment Act (ARRA) of 2009, Public Law 111-005, appropriates increased funding for the Department of Energy (DOE) to issue/award formula based grants under the Weatherization Assistance Program (WAP). Overall purposes of ARRA are to: stimulate the economy in an expeditious manner (while spending the monies effectively and wisely); create and retain jobs; promote and enhance job creation, preservation and economic recovery; assist those most impacted by the recession; provide investments needed to increase economic efficiency by spurring technological advances in science and health; invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits; stabilize State and local government budgets; avoid reductions in essential services and minimize counterproductive State and local tax increases.

As stated, ARRA gives preference to initiatives that can be started and completed expeditiously and has set an ambitious goal of obligating at least 50 percent of the funds made available for activities that can be initiated not later than June 17, 2009. Even with substantial increases in funding, grantees and subgrantees alike are reminded that leveraging and leveraged resources remain an important part of WAP.

Special terms and conditions that may apply to projects funded by the Act include but are not limited to:

- Reporting, tracking and segregation of incurred cost;
- Reporting on job creation and preservation;
- Publication of information on the internet;
- Access to records by inspectors General and the Government Accountability Office;
- Prohibition on use of funds for gambling establishments, aquariums, zoos, golf courses or swimming pools;
- Ensuring that iron, steel and manufactured goods are produced in the United States;
- Ensuring wage rates are comparable to those prevailing on projects of similar character;
- Protecting whistleblowers and requiring prompt referral of evidence of false claim to an appropriate inspector general; and
- Certification and Registration.

For transparency, ARRA established a website (<http://www.recovery.gov/>) to track where and how project monies are being spent. The following transparency requirements will be implemented to ensure that the crucial accountability objectives of ARRA are met:

- Funds are awarded and distributed in a prompt, fair, and reasonable manner;
- The recipients and uses of all funds are transparent to the public, and the public

- benefit of these funds are reported clearly, accurately, and in a timely manner;
- Funds are used for authorized purposes, and instances of fraud, waste, error, and abuse are mitigated;
- Projects funded under this Act avoid unnecessary delays and cost overruns; and
- Program goals are achieved, including specific program outcomes and improved results on broader economic indicators.

In keeping with the above, all grantees are required to hold a public hearing on funding received via ARRA prior to the submission of their application package. U.S. DOE will provide guidance on any additional reporting requirements.

Weatherization Program Notice (WPN) 09-1B, Grant Guidance to Administer the American Recovery and Reinvestment Act of 2009 Funding, dated March 12, 2009; WPN 09-1A, Grant Guidance for Program Years 2008 and 2009 to Access the \$250 Million Supplemental Funding, dated October 27, 2008; and WPN 09-1, Program Year 2009 Weatherization Grant Guidance, dated November 17, 2008 should be used for grant guidance and management information for accessing funding under ARRA.

Title IV, Energy Conservation and Production Act, as amended, authorizes DOE to administer WAP. All grant awards made shall comply with applicable law including regulations contained in 10 CFR Part 440 (issued February 1, 2002), the Energy Policy Act of 2005, the Energy Independence and Security Act of 2007, and ARRA.

ELIGIBLE POPULATION

According to the most recent U.S. Census Bureau State and County QuickFacts for the State of Hawaii, approximately 9% out of a total population of 1,285,498 are below the poverty level. With the total number of households estimated at 403,240, an estimated 36,292 households are below the poverty level. The poverty numbers and percentages are likely to increase significantly due to the economic slowdown.

ARRA raised the income eligibility level for WAP from 150 to 200 percent of the Federal Poverty Guideline. A dwelling unit shall be eligible for weatherization assistance if household income level is at or below 200 percent of the Federal poverty guidelines established by the Department of Health and Human Services (DHHS), or if it contains a member who has received cash assistance payments under Title IV or XVI of the Social Security Act during the 12-month period preceding the determination of eligibility. Initial estimates using the raised 200 percent of poverty instead of the standard 150 percent of poverty reveals a national average of 54 percent more low-income households eligible for weatherization.

1. General Description

“Income”, for the purposes of determining eligibility for WAP, means wages and salaries before deductions, self-employment receipts and income less operating expenses and deductions, Social Security benefits, workmen’s compensation, strike benefits, veterans benefits, training stipends, pensions, (both government and private), insurance, and annuities. Specifically excluded from income are assets from bank withdrawals, sales of property and one-time insurance payments and lump sum compensation for injury, food stamps, assistance payments (based on need) resources from grants, scholarships, fellowships and income required for an approved program of self-support, and black lung disability payments.

Children shall be defined as dependents who are 19 years of age or less.

Low-income members of an Indian tribe will receive benefits equivalent to the assistance provided to other low-income persons within the state.

2. Selection of Areas to Be Served

The State is organized into four counties. The City and County of Honolulu is the major metropolitan area; and the three remaining counties of Hawaii, Maui and Kauai are rural. Each county is comprised of a major island, except the County of Maui which also includes two smaller islands, Molokai and Lanai. Each respective county is provided services by one non-profit community action agency (CAA). Allocation of funds shall be divided at the discretion of the State Department of Labor & Industrial Relations (DLIR) - Office of Community Services (OCS) among the four counties to provide services statewide.

WAP serves the entire State of Hawaii. The budgets for all agencies are similar, except for material and labor costs which may vary depending on the type of devices installed. A minimum of 90 percent of the funding allocation for the State of Hawaii will be provided to subgrantees. The remaining balance will be used for the grantee's administrative costs (at least 5 percent), training, and technical assistance. The State grantee shall reserve the right to reallocate WAP funds any time during the program year among local administering agencies.

3. Priorities

Priority for weatherization services will be provided to low-income Hawaii residents most vulnerable to rising energy costs: the elderly, persons with disabilities, and families with young children. Other priorities are high residential energy users and households with high energy burdens. Special outreach efforts to senior centers and other places where senior citizens congregate will be made to assure that this priority is met. It is estimated that approximately 25 percent of all dwellings assisted will reach this segment of the population. Monitoring reports will include head counts of both the elderly and handicapped low-income population.

For effective use of funds made available by ARRA for WAP, the Secretary may encourage States to give priority to using such funds for the most cost-effective efficiency activities.

Efforts continue to be made during this program year to work with county electric utilities to take advantage of rebate programs that are available for solar water heating installations.

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PART 2

CLIMATIC CONDITIONS

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The State of Hawaii consists of eight major and 124 minor islands with a total land area of 6,425 square miles and a coastline of 750 miles. Climatically, Hawaii is marked by balmy temperatures and wide variations in rainfall. The temperature range at the Honolulu International Airport, for example, varies from 53 to 93 degrees Fahrenheit. Normal precipitation ranges from 8.7 inches to 451 inches annually.

Weather in the Hawaiian Islands is very consistent with only moderate changes in temperature throughout the year. This is possible due to the year-round warm sea surface temperatures, which keeps the overlying atmosphere warm as well. In practical terms, there are only two seasons: summer months that extend from May to October and winter months that run from November to April. The average day-time summer temperature is 78 degrees Fahrenheit; night-time temperatures are approximately 10 degrees lower.

As a result of the shielding effect of the volcanic mountains and the differences in weather found at various elevations, there are as many different climate zones here. The Islands can be described as an incredibly diverse collection of many micro-environments, each possessing unique weather. The tropical rain forests, cool alpine regions, stony deserts and sunny beaches are all within the span of just a few short miles.

Through most of the year, Hawaiian weather patterns are affected primarily by high pressure zones in the North Pacific that pump relatively cool, moist trade winds down onto the Islands' north eastern slopes. This pattern holds true for most of the summer and approximately half of the time in the winter. These winds are forced up-slope by the mountain heights where ultimately their moisture condenses into clouds that produce rain. Most of the rain then falls on the mountains and valleys on the windward (northeastern) side of the Islands. The wettest months are from November to March.

The action of trade winds here means that there is always a cooling breeze. The strength of this wind builds as the heat of the day rises and reaches a peak in the afternoon, only to diminish in the evening and start again the following day. Stormy weather does come to the Islands primarily in the winter and sometimes lingers for several days. Severe storms, however, are not a common occurrence here.

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PART 3

WEATHERIZATION WORK

ARRA WEATHERIZATION WORK

1. Types of Work to Be Done

Two weatherization measures, Compact Fluorescent Light (CFL) fixtures/retrofitting and solar water heating systems will be used in the State of Hawaii. It will be determined which device will be installed upon completion of the WAP application form:

- a. CFL Retrofits and/or fixtures will be installed in homeowner dwellings, rental units, and Multi-family buildings.
- b. Solar water heating systems will be installed in homeowner or rental units having a family size of four or more using an electric hot water heater with a total dwelling unit consumption of 6,000 kilowatt-hours or more per year.

In addition, OCS-DLIR will partner with the State Public Utilities Commission, State Energy Office¹ and Science Applications International Corporation (SAIC) to install other energy savings devices in eligible clients' homes through the sub-grantees. The details of such program are described in item 6 of this section.

2. Energy Audit Procedures

a. Definition:

- (1) An energy audit is an inspection, survey and analysis of energy flows in a dwelling process or system with the objective of understanding the energy dynamics of the system under study. Beyond simply identifying the sources of energy use, an energy audit seeks to prioritize the energy uses according to the greatest to least cost effective opportunities for energy savings

b. Approach:

- (1) OCS-DLIR has developed a comprehensive approach to implementing the home energy audits. OCS-DLIR will work closely with the sub-grantees, along with the Public Utility Commission and Hawaii State Energy Office to conduct energy audits for clients. All energy auditors will receive training from qualified WAP trainers.

- (2) Our approach includes:

¹ The State of Hawaii Energy Office is under the jurisdiction of the Department of Business, Economic Development, and Tourism (DBEDT).

- If available, a 12-month electric billing history from utility company;
- Visual assessment of health and safety concerns (electric wires and Indoor Air Quality);
- Analysis of cooling needs;
- Analysis of roof conditions, type, orientation, slope of roof and solar resources;
- Assess square footage of the building envelope;
- Determine insulation levels and wall, floor, and ceiling construction;
- Analysis of number of windows, and size of windows;
- Assessment of appliance types;
- Conduct client education, emphasizing energy conservation via behavior change;
- Record brand/model number with energy consumption data on washer, dryer, refrigerator, lights, air-conditioning, and hot water heater;
- Assess need for low flow faucets in the house; and
- Determine if there are Incandescent Lights and what type (60 Watts, 100 Watts, Three Way, 50 Watt R20 Track, Chandelier 25/40 Watt, Vanity 40 Watt).

All weatherization measures should have a Savings-to-Investment Ratio (SIR) of 1.0 or greater.

3. Final Inspection

No dwelling unit may be reported to DOE as completed until the subgrantee, or its authorized representative, has performed a final inspection and certified that applicable work has been completed in a workmanlike manner and in accordance with the priority determined by the audit procedures.

An authorized person designated by the subgrantee shall sign the Building and Job Order Sheet upon making a final inspection in accordance with the most cost-effective measures determined for the dwelling unit.

4. Analysis of Effectiveness

The subgrantee shall monitor the change in kilowatt usage and actual cost savings as a result of the weatherization measures taken.

Cost effectiveness shall be determined by family size and total kilowatt usage. The most cost-effective material for each dwelling unit shall be determined by using the following formula which reflects the payback period for the material applied: total cost of material including installation is divided by the estimated cost of kilowatts saved per year by installing the energy saving materials.

On-site monitoring of the Weatherization Program is performed every three months for each of the recipients, community action programs, and contractors by OCS-DLIR. These visits include inspection of at least five percent of the homes weatherized with DOE funds. Energy monitoring devices measuring, recording, and verifying energy savings will also be installed in the homes before and after installation of energy-saving devices for all major energy devices totaling at least 80% of home electric bill.

One of the objectives for this monitoring is to target effectiveness of program in regards to actual energy reduction over the long-term (over one year) so that OCS and the State can establish a statewide standard for an energy-saving priority list, service delivery, and energy audits, and identify ways to improve program.

OCS-DLIR will work to expand implementation of energy analysis via further research and increased community collaboration. Specific methods may include, but are not limited to, financial management, conservation strategies, and learning more about energy efficiency measurement tools.

Proposed Production Amount and Schedule

The State of Hawaii-ARRA Weatherization Assistance Program plans to install a total of 672 units spread among the four Counties (Kauai County, Hawaii County, Maui County, and the City and County of Honolulu). The projected production for each County is as follows:

<u>County</u>	<u>Funding</u>	<u>Total Unit Production</u>
Maui	\$967,063.00	196
Honolulu	\$1,280,461.00	182
Hawaii Island	\$837,510.00	170
Kauai	\$695,427.00	124
Total Units		672

- (a) Production Schedule: each prospective subgrantee is required to submit a clear and precise production timeline with their application for funding. Final approval of each subgrantee's production timeline will be given prior to the contract term deadline of June 1, 2009². The State of Hawaii WAP Office will

² The State of Hawaii- WAP Office will require subgrantees to provide the number of extra

revise this plan with each subgrantee's production timeline.

- (b) Training for workers/contractors: each subgrantee will be required to give a detailed plan for additional training needs. This plan will include a timeline and explanation of the type of training provided. Each subgrantee training plan will be approved by the State WAP Manager.

6. Types of Work to be done through State of Hawaii Partnerships (Leveraging)

As Program Manager, OCS-DLIR will oversee the implementation of a Memorandum of Agreement (MOA) with the Department of Business, Economic Development, and Tourism (DBEDT), the Public Utilities Commission (PUC), and Science Applications International Corporation (SAIC) to provide funding for the installation of additional energy saving devices into low-income (200%-FPG) homes.

- (a) Types of Additional energy saving devices:

- 1- New Energy Star Refrigerators
- 2- Clothes Washers
- 3- Low-flow Shower Heads (high-performance)
- 4- High Visibility Window Film
- 5- Microwave Ovens
- 6- New Air-Conditioners

- (b) Other types of work provided through partnership

- 1- Further develop energy audit procedures suited to low-income clients.
- 2- Identify potential means of utilizing solar energy state and federal tax credits.
- 3- Further develop an analysis of the estimated cost-effectiveness of energy efficiency measures listed above in this section (1-6).
- 4- Provide a plan for additional training needs associated with carrying out the efficiency measures funded by the MOA.

The MOA will plan to provide energy audit services, the installation of energy saving devices, follow-up/energy monitoring, to approximately 1000 additional low-income homes. In addition, the MOA will provide additional sub-grantee training and technical assistance, and assist with developing components of the State Plan (as needed).

workers/contractors hired to complete production by June 1, 2009. The State of Hawaii ARRA-WAP contract period is from June 17, 2009 to September 30, 2010 with the possibility of two nine month extensions.

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PART 4

HEALTH AND SAFETY

HEALTH AND SAFETY

Energy-related health and safety concerns need to be remedied before, or because of, the installation of weatherization materials.

1. Weatherization Program Health and Safety

Energy-related health and safety hazards associated with weatherization activities may be remedied or prevented with DOE funds. Measures and costs must be reasonable and must not seriously impair the primary energy conservation purpose of the program. Costs may not exceed 10 percent of the total program budget for DOE. The subgrantee must obtain DLIR-OCS approval to re-budget funds from other cost categories before funds can be expended for health and safety.

2. Local Agency and/or Subcontractor Health and Safety

Local agencies must comply with Occupational Safety and Health Administration (OSHA) requirements in all weatherization activities.

Some of the OSHA requirements include, but are not limited to: respirator protection, techniques for safely lifting heavy objects, electrical equipment safety, ladder safety, and general worker protection. OSHA standards should be consulted for further details. Other useful information includes Material Safety Data Sheets that identify potential health risks and describe the proper use, handling and storage of a wide variety of materials, including some common weatherization materials.

3. Client Health and Safety

Grantees and subgrantees are required to take all reasonable precautions against performing work on homes that will subject workers or clients to health and safety risks. Before beginning work on the residence, the agency must take into consideration the health concerns of each occupant, the condition of the dwelling, and the possible effect of work to be performed on any particular health or medical condition of the occupants. When a person's health is fragile and/or the work activities would constitute a health or safety hazard, the occupants at risk will be required to leave the home during these work activities.

4. Potential Hazard Conditions

a. Mold and Other Biologicals

Removal of mold, odors, viruses, bacteria, unsanitary conditions, and rotting wood is not a Weatherization responsibility. However, DOE funds may be used

if these conditions must be remedied to allow effective weatherization work and/or to assure the immediate or future health of workers and clients.

To promote a better understanding of mold and moisture, OCS-DLIR will direct local agencies to the WAPTAC web site or the resource documents listed below:

“A Brief Guide to Mold, Moisture, and Your Home,” U.S. Environmental Protection Agency (EPA), Indoor Environments Division (IED). www.epa.gov/

“Guidelines on Assessment and Remediation of Fungi in Indoor Environments,” New York City Department of Health, Bureau of Environmental and Occupational Disease Epidemiology. www.ci.nyc.ny.us/

- b. Combustion Appliances and Combustion Gases
- c. Combustion appliances, including water heaters, are included in this measure and should be tested for safety.
- d. Fire Hazards
- e. Combustion appliances and their associated venting systems can also present potential fire hazards.
- f. Existing Occupant Health Problems
- g. Local agencies will be aware that some individuals' health problems could be exacerbated by weatherization activities.
- h. Indoor Air Quality
- i. General asbestos removal and radon abatement are not approved as a health and safety weatherization costs.
- j. Lead-Based Paint

Weatherization Program Notices 02-6, 08-6 and 09-6 provides guidance on weatherization health and safety matters associated with lead-based paint in homes. Precautions that need to be taken (referred to in the Program Notices as Lead Safe Weatherization) may be charged as a weatherization activity if approved by the DLIR-OCS. However, DOE funds shall not be used for abatement, stabilization or control of lead-based paint hazards, or routine entrance and clearance testing.

- k. Building Structure

Building rehabilitation is beyond the scope of the Weatherization Assistance Program; however, program workers frequently encounter homes in poor structural condition. Weatherization services may need to be delayed until the dwelling can be made safe for crews and occupants (see Section E. Deferral Standards). Incidental repairs necessary for the effective performance or preservation of weatherization materials are allowed. An example of these limited repairs includes repairing water-damaged flooring as part of replacing a water heater.

l. Electrical Issues

Serious electrical hazards exist when gross overloads are present. Should auditors and crews find such existing problems, they will notify the owner. Weatherization measures that involve the installation of new equipment can exacerbate previously marginal overload problems to hazardous levels. The problem will be noted in the client file. To the extent that this problem prevents adequate weatherization, the agency should consider repairing it on a case-by-case basis.

m. Other Code Compliance Issues

Local agencies must ensure weatherization-related work conforms with applicable codes in jurisdictions where the work is being performed.

5. Deferral Standards

The decision to defer work in a dwelling is difficult but necessary in some cases. This does not mean that assistance will never be available, but that work must be postponed until the problems can be resolved and/or alternative sources of help are found. Subgrantees are expected to pursue reasonable options on behalf of the client, including referrals, and to use good judgment in dealing with difficult situations.

Local agencies should develop guidelines and a standardized form for such situations. The form should include the client's name and address, dates of the audit/assessment and when the client was informed, a clear description of the problem, conditions under which weatherization could continue, the responsibility of all parties involved, and the client(s) signature(s) indicating they understand and have been informed of their rights and options.

Deferral conditions may include:

- a. The client has known health conditions that prohibit the installation of insulation and other weatherization materials.
- b. The building structure or its mechanical systems, including electrical and plumbing, are in such a state of disrepair that failure is imminent and the

conditions cannot be resolved cost-effectively.

- c. The dwelling has sewage or other sanitary problems that would further endanger the client and weatherization installers if weatherization work were performed.
- d. The dwelling has been condemned or electrical, heating, plumbing, or other equipment has been “red tagged” by local or state building officials or utilities.
- e. Moisture problems are so severe they cannot be resolved under existing health and safety measures and with minor repairs.
- f. Dangerous conditions exist due to high carbon monoxide levels in combustion appliances, and cannot be resolved under existing health and safety measures.
- g. The client is uncooperative, abusive, or threatening to the crew, subcontractors, auditors, inspectors, or others who must work on or visit the dwelling.
- h. The extent and condition of lead-based paint in the dwelling would potentially create further health and safety hazards.
- i. In the judgment of the energy auditor, any condition exists which may endanger the health and/or safety of the work crew or subcontractor, the work shall not proceed until the condition is corrected.

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PART 5

RENTAL PROCEDURES

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A subgrantee may use financial assistance to weatherize a building containing rental dwelling units provided the subgrantee has obtained written permission of the owner or his/her agent. The benefit of energy saving must benefit the low-income tenants of such benefiting and assure that the rights of the tenants are protected.

A building containing rental dwelling units may be weatherized provided that not less than 66 percent (50 percent for duplexes and four-unit buildings) are eligible dwelling units.

The State uses the Homeowner/Authorization Agency Certification Rental Agreement Form in order to assure that no undue or excessive enhancement will occur to the value of the dwelling unit and that the rent for the property will not increase due to the improvements resulting from the weatherization program.

No renter-occupied residence shall be weatherized if it is being offered for sale, unless it can be demonstrated that the residence will continue to be occupied by eligible tenants and that the weatherization work performed is not incorporated into the sale price.

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PART 6

PROGRAM MANAGEMENT

PROGRAM MANAGEMENT

1. Overview

a. Grantee:

The State Office of Community Services, administratively attached to the Department of Labor and Industrial Relations, is mandated to provide human service programs for Hawaii's economically disadvantaged, immigrants and refugees. Created by the Hawaii State Legislature through Act 305, and signed into law by the Governor on June 25, 1985, it was codified in Chapter 371K, Hawaii Revised Statutes.

OCS-DLIR collaborates with various public and private agencies as well as human service programs. Its primary purpose is "to facilitate and enhance the development, delivery, and coordination of effective programs for those in need and to provide advice and assistance to the agencies of the executive branch in the human service field, and the legislature."

OCS-DLIR contracts programs and services on behalf of the State and Federal governments to CAAs and other non-profit service providers, to include the Weatherization Assistance Program.

The mission of OCS-DLIR is to assure timely and effective delivery of needed services to economically disadvantaged families and individuals, immigrants and refugees by providing technical and administrative assistance to local CAAs and service providers, conducting demonstration projects, assisting in developing relevant statewide policies and procedures for community service, and working in partnership with target groups.

The office is located in the Keelikolani building at 830 Punchbowl Street, Room 420, Honolulu, Hawaii 96813, telephone (808) 586-8675; fax (808) 586-8685.

- b. No dwelling unit will be weatherized without documentation that the dwelling unit is eligible. Prior to obtaining information required on the application form, each prospective client at the time of initial contact must be apprised of his/her rights under the Privacy Act. A copy of the Privacy Act will be provided to each client and an application form will be completed and signed by both the client and energy staff worker. The form will include client information, family data, annual income, client need, and community action agency certification. No dwelling unit shall be eligible for CFL retrofitting or solar heater systems unless its household income is at or below 200 percent of the poverty level determined in accordance with criteria established by DHHS; or if it contains a member who

has received cash assistance payments under Title IV or XVI of the Social Security Act during the 12 month period preceding the determination of eligibility for weatherization assistance. As indicated on the application form, proof of income would be required. Such proof may consist of income data (Federal/State Income Tax Forms), welfare basic grant forms, canceled checks, etc. Documentation must be made available by the applicant and certified by the outreach worker that he/she has seen the documents. The application form must be retained in an office file. Copies of documentation, however, shall not be retained on file. If eligibility is questioned at a later date, the burden of proof rests with the applicant, rather than the local administering agency. The following forms shall be required as soon as an applicant is certified eligible:

- (1) Homeowner/Authorization Agent Certification and Rental Form. The owner or his/her authorized agent must sign the form before insulating the client's hot water heater, installing a solar heater system or timer, thereby giving the agency the owner's permission to work on the dwelling.
 - (2) Fuel Information Release Form. The Form authorizes the local administering agency to obtain confidential billing information from the electric companies for program purposes. The form is completed and signed at the time of the application.
 - (3) Building Weatherization Report. The Building Weatherization Report summarizes information from the application form and is kept on file by the local administering agency. The report is signed by the supervisor, certifying that the job has been completed and appropriate material has been installed.
- c. Financial assistance under this program will be used to supplement and not supplant State or local funds, and to the maximum extent practicable, increase the amounts of these funds that would be made available in the absence of Federal funds. In order that this policy is fully adhered to, the State administering agency shall provide continuous monitoring of other programs dealing with State energy conservation.
 - d. Subgrantees will secure the services of volunteers and/or training participant workers to work with qualified supervisors.
 - e. Subgrantees, in preparing their work programs and budgets, must assure the State administering agency that they have made every possible effort to secure volunteer workers to perform the tasks required of WAP. The local agency will submit to the State grantee documentation attesting to the fact that it has been unsuccessful in obtaining sufficient volunteer workers to carry out its weatherization program.
 - f. The grantee and subgrantees shall coordinate with other Federal, State, local

or privately funded programs in order to improve energy efficiency and conserve energy.

The State assures it will keep records that fully disclose the amount and disposition of the funds received, the total cost of a weatherization project or the total expenditure to implement the State Plan for which the assistance was given or used, the source and amount of funds for such project or program not supplied by DOE, and other such records as DOE deems necessary for an effective audit and performance evaluation. Such record keeping shall be in accordance with the DOE Financial Assistance Rule, 10 CRF Part 600, and any further requirements.

2. Adjusted Average

In accordance with ARRA, the adjusted average expenditure limit per unit for PY 2009 has been increased to \$6,500. Average unit cost is based on program operations costs divided by the number of units completed. Administration and T&TA costs are not included in calculating the average per unit cost.

3. Administrative Expenditure Limits

There is a statutory limit of 10 percent on funds that may be used for administrative purposes. Not more than 5 percent of new funds may be used by a Grantee for administrative purposes, with the remainder to go to subgrantees.

Subgrantees receiving less than \$350,000 may use up to an additional 5% of their allocation for administrative purposes, provided it is justified and approved by the Grantee.

4. Monitoring—Overview, Goals, Guiding Principles, Approach, and Procedures³

a. Monitoring Overview:

The monitoring procedures are designed to provide guidelines for the OCS-DLIR Weatherization staff and its subgrantee agencies. Monitoring is initiated while the program is in operation and provides oversight for the services being delivered at the local level. Monitoring ensures the existence of accountability for program resources and provides information useful to the improvement of the program's operation and services.

b. Goals of Monitoring

(1) Analyze whether the best possible program services are being

³ A large amount of material within this section was used from the West Virginia Weatherization Assistance Program, "Monitoring Procedures Overview".

delivered the low-income population.

- (2) Determine program compliance and accountability.
- (3) Analyze program performance.
- (4) Analyze quality and effectiveness of the work on completed dwellings.
- (5) Be a major asset for program improvement.
- (6) Identify problems, deficiencies, and areas that need improvement.
- (7) Assist agencies in their program operations and compliance with DOE and State regulations.
- (8) Advise agencies on how to correct any weaknesses and deficiencies.
- (9) Assess the need for training and technical assistance to improve local agency service delivery, cost-effectiveness, and accountability.
- (10) Determine ways monitoring activities can be improved.

c. Guiding Principles

- (1) Monitoring is intended to be a constructive process and will be conducted in a professional manner with consistency, fairness, respect, and timeliness.
- (2) The State WAP staff is committed to fostering positive, open, and constructive working relationships. Monitoring serves as a two-way educational experience aimed at improving interaction, feedback, and enhancement to both the state and local components of the Weatherization network.
- (3) The State WAP staff believes the subgrantee Weatherization staff share the same goals of optimizing program funds and resources to best serve the low-income population, striving for program improvement, and providing the most cost-effective and best quality program services possible.
- (4) The State WAP staff will promote improvement when monitoring by providing technical assistance, reinforcing strengths, and sharing successes, innovations, good practices, and experiences encountered throughout the weatherization network.
- (5) Monitoring reports will be consistent with, and based on, adopted Program policies, procedures, and standards.

d. Approach

To achieve the defined goals, and based on the guiding principles, the State WAP staff will perform periodic monitoring reviews of the fiscal, programmatic, and field functions of the local Weatherization agencies.

(1) Monthly Desk Top Reviews: The State WAP Program Manager will review and track all available subgrantee reports for timeliness, audit findings, and resolution of findings. The State WAP staff will review agency Monthly Progress Reports, and track agency production and expenditures on a Monthly basis. Monthly desk monitoring is planned for the duration of the program year.

(2) Subgrantee Agency Monitoring Visits:

(a) Weatherization Fiscal Monitoring: will typically occur during the Initial monitoring visit, at the beginning of the second quarter and at the completion of the project. Functions of the fiscal monitoring will include:

- Review of financial records;
- Review of purchasing and bidding practices;
- Review of payroll and documentation;
- Review of travel records;
- Review of vendor payments;
- Assist with potential audit problems; and
- Review last fiscal audit.

(b) On-Site Program Management Monitoring: will typically occur three times during the contract period or program year . Program Management Monitoring will be conducted by the State WAP Program Manager and/or Program Specialist. The Program Management Monitoring Form⁴ will be used to

⁴ The Program Management Monitoring Form is a tool originally developed by the West Virginia Weatherization Program. This form has been revised to meet the needs for the State of Hawaii Weatherization Program.

perform this evaluation. Functions of the Program Management Monitoring will include:

- Review of client files;
- Review of production, expenditures, and related compliance issues;
- Review of material, tool, equipment, and inventory;
- Review of client flow charts and scheduling practices;
- Review of safety policies and practices; and
- Review of insurance policies.

(c) Field Monitoring: will typically occur three times during the Contract period or program year in conjunction with the Program Management Monitoring. Field monitoring will be conducted by the designated Program Specialist. Work inspections be performed and documented on the Field Inspection Report. Work will be inspected for overall effectiveness, workmanship, appearance, and compliance with installation standards.

e. Procedures

To assure a high degree of accountability, three on-site monitoring sessions are planned for each project (Oahu, Hawaii Island, Kauai Island, Maui Island, and Molokai Island) during the program year.

Monitoring visits are planned for the beginning of the second quarter, at the midway point during the third quarter, and at the completion of each project.

- (1) Monitoring visits will be scheduled in advance with the agency subgrantee. The WAP Manager will send a memorandum with the monitoring schedule. Subgrantee agencies will be given a period of time to inform the WAP Manager if there are overriding conflicts with the scheduled dates for the agency, and new monitoring dates will be established.
- (2) Upon arrival at the agency, the monitor (s) will meet with the Appropriate agency personnel to explain the purpose of the visit, records and information needed, and the planned timeframe of the visit. An exit conference will be tentatively scheduled with the Executive Director and the Weatherization Coordinator. The Weatherization Coordinator must be available at all times during the monitoring visit. The exit conference will include a review of the monitoring analysis with the Executive Director and the Weatherization Coordinator, and other

staff as deemed appropriate. The monitor(s) will provide the agency with a draft outline of concerns and findings observed during the visit.

(3) Description of Methods for Monitoring:

- (a) At least 5 percent of the units claimed as completed will have on-site monitoring inspection;
- (b) At least 5 percent of the units claimed as completed will have files Reviewed;
- (c) Spot checks will be made by the Program Manager of the materials on hand at the subgrantees' storage as well as materials already installed; and
- (d) Should any subgrantee be deemed non-compliant with applicable State or Federal regulations, the Program Manager shall send a deficiency notice. The Program Manager shall ensure that corrective action is taken. The deficiency notice shall be submitted within twenty (20) working days following the monitoring and shall include:
 - Description of deficiency;
 - Description of corrective action(s) required or request for corrective action(s); and
 - Timeline for corrective action(s) and any documentation necessary to determine compliance.

5. Training and Technical Assistance (T&TA)--Approach

ARRA adjusted the allowable percentage DOE may permit WAP to use for T&TA. An allowance is made for WAP not to exceed 20 percent of the funds appropriated for T&TA activities.

The State T&TA Plan will identify and address the needs of the subgrantees in areas of providing program management and technical skills, especially as it affects meeting the goals of monthly household completions. Some of the areas of concern which may require T&TA:

a. Staff Hiring:

The State grantee does not require any certification or training of subgrantee staff prior to hire; and

b. Monthly Goals:

Subgrantees are provided productivity goals prior to the program year as outlined in the WAP Plan. If the subgrantee does not meet scheduled goals by the end of the ninth month, its contract may be terminated or its funding level reduced and reallocated to another subgrantee. If the contract is terminated, the area served by the subgrantee will be designated and contracted to another eligible subgrantee.

WAP Warm Weather Conference in Honolulu, Hawaii

During the ARRA program contract period, The State of Hawaii OCS/DLIR is planning to implement a Warm-Weather Conference in Honolulu, Hawaii. The purpose of the event is to invite other warm- weather states (both grantees and sub-grantees) to showcase their weatherization measures, energy audit practices, and monitoring approaches. OCS would also invite grantees and sub-grantees from the Territories (America Samoa, Guam, Puerto Rico, Northern Mariana Islands, and the Virgin Islands). The proposed outcome is for both grantees and subgrantees to learn more about warm weather weatherization measures.

Energy Monitoring

The OCS-DLIR will perform energy monitoring to 5% of the low-income homes Weatherized using ARRA-WAP funds. Energy monitoring will give a breakdown of The home's energy use in specific energy consuming devices. Energy monitoring will verify and validate energy savings from energy-saving solutions enabling a more accurate savings-to-investment ratio calculation.

Policy Advisory Council

OCS-DLIR will facilitate the participation of an ARRA-WAP Advisory Council. The Council will be responsible for giving input on program progress, program development, and resource building. The initial Advisory Council meeting is planned for September 15, 2009. At the initial meeting members will work on developing an annual calendar, council procedures and policies, and action items.

The Advisory Council Membership includes (but may not be limited to) the following:

- The Hawaiian Electric Company (and neighbor island affiliates)
- State Department of Business, Economic Development, and Tourism
- R and R Solar Company
- 21st Century Lighting Company
- Kanu Hawaii (energy efficiency consultant)
- City and County of Honolulu-Workforce-Oahu Work Links
- Honolulu Community College